

October 8, 2015

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RE: SB 437; Inclusion of Externality Costs in IRP

Dear Chairman Nofs and Honorable Members of the Senate Committee on Energy and Technology:

In recent years, research has confirmed stronger associations between air pollution components, including fossil fuel combustion byproducts, and their impact on the environment and contribution to negative health outcomes. These are costs that we need to consider, and ultimately reduce, to protect the health of our population. This is why I would respectfully advise the incorporation of conservative estimates of the monetary costs to society of air pollution components, or externalities. I understand it is difficult to accurately define these costs, but advanced modeling and previous research offer us conservative estimates of these costs. These estimates, often produced as a range of values, can then be included when developing a robust Integrated Resource Plan for the purchase, or development, of an electric generating facility.

Asthma, cardiovascular disease, and pre-mature mortality are just a few of the adverse health outcomes that are affected by air pollution concentrations, and these can be considered costs to the greater society. More specifically, they need to be included to find a more accurate, market optimizing price of the various fuel sources for energy production.

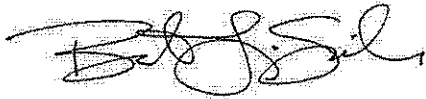
As SB 437 currently stands, the monetary costs of these components are not included when developing the market price for electricity, and are therefore "externalized" to the consumer. Pollution byproducts of fossil fuel combustion have been long researched, and their monetary impact on society has been estimated in numerous studies. The State of Minnesota Public Utilities Commission (MPUC) has been incorporating these monetary costs into their resource decisions since 1996. Similarly, the city of Holland, and the Holland Board of Public Works (HBPW) incorporated the costs of air pollution, carbon emissions, mercury, and the value of land in a cost-benefit analysis required to determine the best approach to increasing municipal energy capacity.

Michigan has the opportunity to become a leader in the Midwest, and across the United States, by incorporating these not-so hidden costs into Michigan's Integrated Resource Planning. We can utilize what others (i.e. MPUC, HBPW) have already learned, noting the benefits of requiring in-depth cost-benefit analyses, and then, continue to build on the models and guidelines used for a Michigan-specific process.

We can also help reduce air pollution, by ensuring the best electric generating facility decisions are made, by leveling the field when comparing alternative, or renewable, electric generating facilities. The long-term social costs of alternative and renewable energy sources are considerably lower than fossil fuel energy facilities, if externalities are monetized.

As a Master's of Public Health student at Grand Valley State University, improving public health, through air pollution reduction and environmental preservation, is very important to me. I urge the commission to consider incorporating externality costs as part of the Integrative Resource Plan when making resource decisions. This can help level the field for alternative and renewable sources of energy, ensuring costs and benefits are truly comparable. We live in a wonderful state, with lush green forests and pure, fresh water. We have the opportunity to preserve, and furthermore, improve the beauty of Michigan. Let's ensure this state's environmental beauty and population health for years to come.

Sincerely,

A handwritten signature in black ink, appearing to read "B. L. Spiker", with a stylized flourish at the end.

Brenton L. Spiker
MPH Candidate
Grand Valley State University